

complaint, that no system is necessary for those units, is that the prevailing philosophy?

SENATOR LANDIS: It is the prevailing philosophy. And I handed out to you a letter from Director McCartney, of the Insurance Department. His conclusion is, in my opinion, LB 167 is well thought out, good, sensible public policy, and technically sound. It is true that there is no state system oversight. This is not the sale of insurance with, for example, an investment package along side, a capitalization standards, or reserves. And in that sense, these planned sponsors are not among those people who are commercially operating insurance that we normally regulate. And the answer is, yes, that's correct.

SENATOR BEUTLER: Okay. Is it the reliance upon the ability to tax or to levy a general tax that makes this so different from other situations, is that what we're relying upon, primarily? And, under this bill, I assume that you are forced to levy other taxes in the event that you cannot complete your obligations under the plan.

SENATOR LANDIS: I think that would be true. It would be true, by the way, for any city who made a contract with their public employees that they couldn't meet.

SENATOR BEUTLER: Is it...thinking of the worst scenario situation, does it make any sense to provide that, with regard to the lid, and with regard to any existing levy limitations, that those should not be applicable in the event they are forced to make right under a particular plan?

SENATOR LANDIS: I think we have a body of precedent already in the CIR that says, look, it doesn't make a difference what the statute says, if you have a contractual obligation, you've got to meet it. The CIR has already ruled with respect to the hominization of the lid concept with what a city or school district is obligated to do. So that, I think, is a known quantity in Nebraska law.

SENATOR BEUTLER: Okay. With regard to the actuarial studies, they have to design these plans in accordance with the study, or they have to follow a study. Is that not correct?

SENATOR LANDIS: Yes, and the phrase here is general accounting principles, which represents a body of internally policed